

May 25, 2012

To: Executive Board

Subject: **April Financial Statements and Investment Summary**

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### **Recommendation**

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2012.

### **Analysis**

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the first ten months of the fiscal year ending June 30, 2012.

Foothill Transit's cash position of \$64.1 million is \$3.2 million more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include an increase in due from other governments of \$1.5 million, an increase in accounts receivable of \$300,000 and a decrease in deferred revenue of \$340,000. Sources of cash include an increase in accounts payable of \$930,000, excess capital funding of \$490,000 and excess operating revenues over expenditures of \$4.0 million.

April 2012 fare revenues were \$1.46 million, which were \$109,000 less than March revenues and 6.09 percent more than the year-to-date budgeted amount. This is a continuation of the trend established in the prior fiscal year even though budgeted FY 2012 fare revenue estimates were approximately ten percent higher than FY 2011 levels. Ridership has remained relatively flat for more than a year, very similar to the economy. This continues to be good news, indicating the economy may be stabilizing with hopes of future improvements.

Operating costs through April were \$50.75 million, which is \$5.2 million less than the budget. These costs are \$1.38 million or 2.7 percent higher than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

### **Balance Sheet Analysis (Attachment A):**

#### Assets

The balance sheet as April 30, 2012 shows total assets at \$229.7 million. This total consists primarily of \$153.8 million in fixed assets and \$64.2 million in cash and investments. The cash and investments balance includes \$5.0 million invested in the Local Agency Investment Fund (LAIF); \$24.9 million in non-interest bearing accounts held with Bank of the West; \$20.1 million in an interest bearing account with Bank of the

Executive Board Meeting – 5/25/12  
April Financial Statements and Investment Summary  
Page 2

West; \$5.2 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

## Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of April 2012 was 0.367 percent; slightly less than the previous month's rate of 0.383 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than two years, LAIF interest rates have continued a downward trend with small increases from time to time.

## Liabilities

The accounts payable balance is \$5.1 million. \$3.6 million of this amount represents the amount due and payable to the contractors for March and April services. Other amounts payable include fuel costs of \$464,000, \$417,000 due Metro for stored value sales and \$50,000 for the Monrovia Dial-A-Ride.

## **Operating Revenue and Expense Analysis** (Attachment C):

### Fare Revenue

April 2012 fare revenue of \$1.46 million was 1.84 percent more than the monthly budgeted amount and \$109,440 less than the previous month. Average monthly revenues through April are \$1.49 million which is \$43,760 or 3.03 percent more than the prior year monthly average. April year-to-date revenues of \$15.2 million are 6.09 percent more than the budgeted amount and \$815,500 more than the prior fiscal year. These could be indicators that the economy is neither improving nor weakening, even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$47.8 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 10.73 percent more than planned for in the budget. The major factor contributing to this increase was Measure R funding. Foothill Transit has sufficient funds to meet all of its obligations.

### Expenses

April year-to-date operating expenses were \$50.7 million, compared with the budget of \$55.9 million. This difference of approximately \$5.2 million resulted in a 9.3 percent



Executive Board Meeting – 5/25/12  
April Financial Statements and Investment Summary  
Page 3

favorable variance. The majority of this favorable variance is the result of \$1.7 million in lower than budgeted service cost and fuel cost savings of \$2.2 million, with the balance spread over several departments and not attributable to any one account. It should be noted that the April 2012 year-to-date expenses of \$50.7 million are \$1.3 million more than the prior fiscal year.

Farebox Recovery Ratio

The April 2012 year-to-date farebox recovery ratio was 29.36 percent; 3.40 percent more than the performance target of 25.96 percent. The farebox recovery ratio was derived by dividing the total fare revenue (adjusted for the EZ Transit Pass revenue) figure of \$14,901,326 by the total operating expense figure of \$50,745,503. This ratio has increased 0.08 percent from the March 2012 figure of 29.28 percent.

Sincerely,

Richard Hasenohrl  
Director of Finance

Doran J. Barnes  
Executive Director

Attachments

Foothill Transit  
Balance Sheet  
As of April 30, 2012

**Assets**

## Current Assets:

Cash	\$ 45,038,110
Investments	19,160,713
Due from government agencies	9,576,962
Other receivables	1,903,668
Other assets	<u>238,855</u>
Total Current Assets	75,918,308
Property & Equipment (net of depreciation)	<u>153,775,084</u>
Total Assets	<u><u>\$ 229,693,392</u></u>

**Liabilities and Equity**

## Current Liabilities:

Accounts payable and accrued liabilities	\$ 5,151,431
Current portion of long term debt	1,000,000
Deferred Revenue	<u>34,292,944</u>
Total Liabilities	<u>40,444,375</u>

**Equity**

Investment in Fixed Assets (net):	
Fund Balance:	<u>189,249,017</u>
Total Equity	<u>189,249,017</u>
Total Liabilities and Equity	<u><u>\$ 229,693,392</u></u>

Summary of Cash and  
Investment Account  
For April 30, 2012

	Interest Rate	Term	Principal Amount/Book Value	Market Value
<b>Cash:</b>				
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$17,573,221	\$17,573,221
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	7,374,259	7,374,259
Bank of the West-Money Market	0.150%	Demand Deposit	10,020,588	10,020,588
Bank of the West-Money Market	0.250%	Demand Deposit	4,506,213	4,506,213
Bank of the West-CTAF <sup>3</sup> Fund	0.750%	Demand Deposit	658,372	658,372
Bank of the West-Money Market	0.250%	Demand Deposit	4,903,557	4,903,557
Subtotal Cash on Hand			<u>45,038,110</u>	<u>45,038,110</u>
<b>Unrestricted Investments:</b>				
Chase Business Saving	0.500%	Demand Deposit	5,158,213	5,158,213
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	0.175%		2,988,000	2,988,000
Treasury Bills			1,998,787	1,998,787
LAIF Investment	0.381%	Demand Deposit	5,015,714	5,015,714
Subtotal Unrestricted Investments			<u>19,160,713</u>	<u>19,160,713</u>
Total Cash and Investments			<u>\$64,198,824</u>	<u>\$64,198,824</u>

**Notes:**

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Statement of Revenue and Expense  
For Month Ended April 30, 2012

	Actual April-12	Budget April-12	Variance Favorable (Unfavorable)	Actual April-11
<b>Operating Revenue</b>				
Farebox	\$9,404,899	\$9,766,333	(3.70%)	\$8,921,966
Pass Sales	2,641,527	2,215,333	19.24%	2,518,343
TAP Cash Purse	1,719,997	1,185,500	45.09%	1,940,984
MetroLink/Access Services	63,841	22,083	189.09%	26,130
EZ Transit Pass	1,413,062	1,179,500	19.80%	1,020,443
<b>Total Operating Revenue</b>	<b>15,243,326</b>	<b>14,368,750</b>	<b>6.09%</b>	<b>14,427,866</b>
<b>Non-Operating Revenue</b>				
FTA Sec 5307 Operating	4,522,956			2,715,650
FTA Sec 5307 ARRA				397,988
Transportation Development Act (TDA)	14,527,960	18,097,667	(19.72%)	11,714,717
STA	2,746,380	2,708,333	1.40%	5,280,754
Prop A 40% Discretionary	11,178,513	10,000,000	11.79%	10,617,321
Prop A & C Interest				(10,918)
Prop A 40% BSCP	3,163,990	2,416,667	30.92%	2,091,653
Prop C Base Restructuring	1,479,780	1,416,667	4.46%	1,450,910
Prop C BSIP	688,944	675,833	1.94%	675,500
Prop C Transit Service Expansion	246,593	241,667	2.04%	241,780
Transit Security-Operating	514,720	500,000	2.94%	453,133
Measure R Operating	7,316,120	5,241,667	39.58%	6,175,560
Excise Tax Credit				
Gain on Sale of Fixed Assets	3,154			105,429
ARRA				
Auxiliary Revenue	1,389,536	1,250,000	11.16%	1,307,947
<b>Total Non-Operating Revenue</b>	<b>47,778,646</b>	<b>42,548,501</b>	<b>12.29%</b>	<b>43,217,424</b>
<b>Total Revenue</b>	<b>63,021,973</b>	<b>56,917,251</b>	<b>10.73%</b>	<b>57,645,290</b>
<b>Available Capital Funding</b>				
Capital Grants	15,482,481			15,092,302
Other				
<b>Total Revenue and Capital Funding</b>	<b>78,504,454</b>	<b>56,917,251</b>		<b>72,737,592</b>
<b>OPERATING EXPENSES</b>				
Operations	42,714,237	46,810,583	8.75%	41,742,519
Marketing and Communications	1,095,226	1,328,750	17.57%	1,073,375
Information Technology	1,168,577	1,449,167	19.36%	1,044,559
Administration	1,141,521	1,481,708	22.96%	1,767,259
Procurement	704,794	531,542	(32.59%)	
Sales and Service	1,439,351	1,457,000	1.21%	1,401,658
Finance	1,022,226	1,053,500	2.97%	881,258
Safety and Security	544,130	669,167	18.69%	533,427
Planning	413,898	572,167	27.66%	480,873
Building Management	501,545	605,333	17.15%	439,753
<b>Total Operating Expenses</b>	<b>50,745,503</b>	<b>55,958,917</b>	<b>9.32%</b>	<b>49,364,681</b>
<b>Capital and Other Expenses</b>				
Capital	15,204,332		N/A	15,122,748
Interest			N/A	
Dial-A-Ride	596,940		N/A	522,081
Special Services	131,384		N/A	197,317
Other Misc. expense	99,694		N/A	40,912
<b>Total Capital and Other Expenditures</b>	<b>16,032,350</b>		<b>N/A</b>	<b>15,883,058</b>
<b>Increase (Decrease) of Revenues Over Expenditures</b>	<b>\$ 11,726,601</b>			<b>\$ 7,489,853</b>